

STATEMENT OF PURPOSE

RS20286

Idaho Code 23-1326 prohibits the extension of credit for the sale of beer by wholesalers to retailers. Idaho Code 23-1031 prohibits the extension of credit for the sale of wine by wholesalers to retailers. This legislation eliminates these two laws. The original purpose of these laws was to keep organized crime – which had taken control of the alcohol distribution business during prohibition - from extending outrageous credit terms to retail bars and sale outlets. Crime bosses would extend credit terms with the intent of taking over the retail business when the retail operator could not make the payments. It was this predatory activity that caused Legislatures around the country to put in legal firewalls – such as sections 23-1326 and 1031 - between wholesalers and retailers. These practices no longer exist and as such the laws are no longer needed.

FISCAL NOTE

No impact to the General Fund or to any other state or local government fund.

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